

Reporting types

Collection agencies, for the most part, should be familiar with two methods of data reporting: **derogatory** and **full-file**.

Derogatory-only reporting

According to Experian, **derogatory-only** reporting involves the sole reporting of negative consumer payment information to a CRA. Essentially, this type of reporting provides a penalty for late payment or nonpayment. Traditionally, companies report derogatory information when an account has been placed for internal collections or has been written off. If you are working with a third-party collection agency, this information is typically all that is reported to CRAs.

This type of reporting to a CRA may:

- Increase collection efforts
- Reduce third-party collection costs
- Assist in the transition to full-file data reporting

Benefits of derogatory-only reporting

- **Increase collection efforts**
- **Assist in the transition to full-file data reporting**

Full-file reporting

Full-file reporting includes the reporting of derogatory information as well as all positive consumer payment information to a CRA. Most companies report their full customer portfolio to a CRA since they would be able to see the benefits for reporting derogatory information, change the payment behavior of slow-paying customers and help many customers in the process. Additionally, full-file data reporting provides a more complete view of the consumer's credit history and financial obligations. Unlike derogatory-only reporting, full-file data reporting can be beneficial to both your company and consumers.

Benefits of full-file reporting

- Increased cash flow and collections
- Fewer rate increases associated with uncollectible debt and better customer service
- Reduced time and losses
- Other cost savings